

Select Your Distributors, Do Not Let Your Distributors Select You!

How many emails do you receive a week from “distributors” wishing to represent your brand? How much of your trade show time is wasted on impromptu meetings with enthusiastic “traders” who make bold promises, but never order? Why are we surprised when you search these companies on the internet to discover there is no information or a web site “under construction?” Many companies’ distributor networks contain these small, anonymous distributors who aggressively pursued a famous brand, but rarely deliver. Give them an “A” for effort, but distributor search must include proper due diligence of all potential candidates, not just the small one chasing you.

Do you believe that the best distributors are waiting in line at trade shows or speed dialing export managers? The most powerful distributors are busy building brands for their existing partners. However, all distributors are open to representation of new companies. In fact, many of the more strategic distributors assign a brand manager to new business development. This senior person is dedicated to evaluating new company representation inquiries like yours.

Hiring the right local partner is the third most important step in optimizing your sales. This follows creating a differentiated product and willingness to invest in marketing support. Listed below are some practical tips on selecting the right company to optimize your business in a new country.

Identify a Pool of Preliminary Candidates

Create a large group of potential candidates. This could include distributors or local producers of related products. Include qualified candidates that have emailed or visited at a trade fair. Highlight companies that are specialists in the market sector that you are aiming at. Export Solutions streamlines this process with our industry leading distributor database containing an average of 67 distributors (large and small) per country.

Establish Partner Selection Criteria

What are the key attributes of your most successful distributors? Category specialization? Multi channel coverage? Synergy with related brands? Choosing a large “Best in Class” partner versus a “Small, Hungry” company willing to pioneer a new brand is an important preference.

Determine Candidates Preliminary Interest Level

Send a brief summary of your product proposition and company credentials to the 5-10 most promising candidates. An immediate follow-up phone call to your top candidates is an appropriate personal connection. Distributors expressing an interest should complete a brief company overview recapping their corporate capabilities: Sales, Coverage, Key Principals, etc.

Schedule a Meeting in the Candidate’s Office

Interview at least three candidates depending on the size and scope of a project. Schedule the meeting 4-6 weeks in advance. Provide a specific agenda at least 3 weeks in advance, including pre-work such as category market analysis. Meet the distributor’s team that would work on your business, as well as senior management. A distributor’s office provides clues on company culture, scale, and capabilities.



Prepare Distributor Assessment Grid

Create a list of key questions to ask each candidate. Topics could include local category dynamics, cost of entry, and distributor success stories. Create a standard grid to evaluate and compare all candidates on a common platform. Contact us for our free Distributor Search Guide with assessment grids, agendas, sample questions and templates for every aspect of the distributor search process.

Independent Evaluation of Candidates Performance for Existing Brands

Visit supermarkets and other retailers to observe category conditions. At the same time, evaluate each candidate’s performance for his existing clients. Do his current brands maintain a strong presence in the market? Or are his brands hard to find on the shelf? Complete these visits to leading retailers independently, as an accompanied trip may lead you to check stores which may not be representative of marketplace reality.

What is the Distributor’s Plan?

If selected, what is the distributors Year One plan? Customer targets, price calculation, marketing plan, volume expectations? Timeline and benchmarks? Key issues? Resources required? Does their plan align with your vision and the size of the market opportunity?

Reference Checks Represent an Important Next Step

Request references of 5 of the distributors top 10 clients. Call at least three references and request insights into performance and capabilities. Acknowledge that these are likely to be positive references, but they always provide significant value. Run a Dun & Bradstreet or other type of credit report on leading candidates. See Distributor Assessment template on page 5.

Future

Companies conduct rigorous assessments before hiring new employees. A higher level of intensity must be displayed during the distributor search process. When you choose a distributor, you are selecting a whole team to represent your company in a country, not just one individual.

Export Solutions’ Motto: **Select your distributors, do not let your distributors select you.**